

**WOODSTOCK TOWNSHIP
LENAWEE COUNTY, MICHIGAN
ANNUAL FINANCIAL REPORT
MARCH 31, 2005**

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name WOODSTOCK TOWNSHIP	County LENAWEE
Audit Date 3/31/05	Opinion Date 6/24/05	Date Accountant Report Submitted to State: 7/11/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

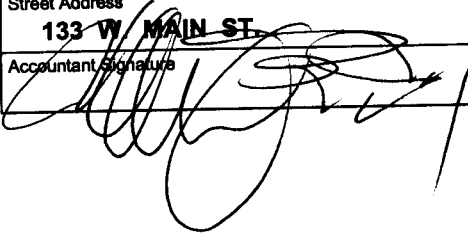
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) PHILIP R. RUBLEY, CPA			
Street Address 133 W MAIN ST	City MORENCI	State MI	ZIP 49256
Accountant Signature 		Date 6/24/05	

**WOODSTOCK TOWNSHIP
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED MARCH 31, 2005**

TABLE OF CONTENTS

	<u>PAGE</u>
 <u>FINANCIAL SECTION</u>	
Management Discussion and Analysis	1 - 6
Independent Auditor's Report	7 - 8
Government – Wide Statement of Net Assets	9
Government – Wide Statement of Activities	10 - 11
Governmental Fund Balance Sheet	12
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Assets of Governmental Activities on the Statement of Net Assets	13
Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Proprietary Fund Statement of Net Assets	16
Proprietary Fund Statement of Revenue, Expenses and Changes in Net Assets	17
Reconciliation of the Statement of Revenues, Expenses and Changes in Net Assets of Enterprise Funds to the Statement of Activities	18
Proprietary Fund Statement of Cash Flows	19 - 20
Fiduciary Funds Statement of Net Assets	21
Notes to Financial Statements	22 - 31
 <u>REQUIRED SUPPLEMENTAL INFORMATION</u>	
Budgetary Comparison Schedule – General Fund	32
Budgetary Comparison Schedule – Fire and Ambulance Fund (Major Special Revenue Fund)	33

Combining Balance Sheet – Non-Major Governmental Funds

34

Combining Statement of Revenues, Expenditures and Changes in Fund Balance –
Non-Major Governmental Funds

35

OTHER INFORMATION

Letter on Internal Controls

WOODSTOCK TOWNSHIP
Management's Discussion and Analysis
March 31, 2005

Using This Annual Report

The annual report consists of a series of financial statements. The statement of net assets and the statement of activities are both new and provide information about the activities of Woodstock Township government-wide basis. They are designed to present a longer-term view of the Township's finances. Fund financial statements tell how services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

Overview Of The Financial Statements

The Township's basic financial statements are comprised of three components:

- A) Government-wide financial statements.
- B) Fund financial statements.
- C) Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The Township maintains 4 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, fire and ambulance fund and each of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Township adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

Proprietary Funds. The Township maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Township uses enterprise funds to account for its wastewater operations.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

WOODSTOCK TOWNSHIP
Management's Discussion and Analysis
March 31, 2005

Notes To The Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement of some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Township include general government, public safety, public works, health and welfare and community development. The business-type activities of the Township include waste water activities reflected in the utilities fund.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories; governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Other Information

The Township has reported under required supplementation information, information about the General Fund and Major Type Funds, and Combining Balance Sheets and Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Type Governmental Funds.

WOODSTOCK TOWNSHIP
Management's Discussion and Analysis
March 31, 2005

The Township As A Whole

The Township's net assets for the year ended March 31, 2005 increased by 5.0% over the prior year, and management feels that even though the economic conditions have been slightly depressed, that the Township was fiscally able to grow at a rate above inflation.

The governmental activities reflect net assets of \$245,305 and the business-type (utilities) of \$1,712,354.

By far the largest portion of the Township's net assets (64.4%) reflects its investment in capital assets (e.g. land, buildings, vehicles, equipment and infrastructure), less any related debt used to acquire these assets that are still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

WOODSTOCK TOWNSHIP
Management's Discussion and Analysis
March 31, 2005

WOODSTOCK TOWNSHIP NET ASSETS

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
	<u>2005</u>	<u>2005</u>	<u>2005</u>
<u>Revenue</u>			
Program Revenue:			
Charges for Services	\$ 63,886	\$107,449	\$ 171,335
Operating Grants and Contributions	2,547	---	2,547
Capital Grants and Contributions	---	---	---
General Revenue:			
Property Taxes	483,131	86,636	569,767
Grants and Contributions Not			
Restricted To Specific Program	194,885	---	194,885
Interest and Rentals Earnings	<u>17,992</u>	<u>17,761</u>	<u>35,753</u>
Total Revenue	<u>762,441</u>	<u>211,846</u>	<u>974,287</u>
<u>Expenses</u>			
General Government	128,626	---	128,626
Public Safety	310,513	---	310,513
Public Works	196,410	---	196,410
Community and Economic Development	7,465	---	7,465
Health and Welfare	15,550	---	15,550
Interest on Long-Term Debt	---	28,575	28,575
Utilities Expenses	---	165,984	165,984
Other Functions	<u>29,215</u>	<u>---</u>	<u>29,215</u>
Total Expenses	<u>687,779</u>	<u>194,559</u>	<u>882,338</u>
Increase (Decrease) In Net Assets	74,662	17,287	91,949
Net Assets Beginning of Year	<u>887,278</u>	<u>925,486</u>	<u>1,812,764</u>
Net Assets End of Year	<u>\$961,940</u>	<u>\$942,773</u>	<u>\$1,904,713</u>

WOODSTOCK TOWNSHIP
Management's Discussion and Analysis
March 31, 2005

WOODSTOCK TOWNSHIP NET ASSETS

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
	<u>2005</u>	<u>2005</u>	<u>2005</u>
Current and Other Assets	\$732,548	\$ 347,698	\$1,080,246
Capital Assets	<u>245,305</u>	<u>1,712,354</u>	<u>1,957,659</u>
Total Assets	<u>\$977,853</u>	<u>\$2,060,052</u>	<u>\$3,037,905</u>
Long-Term Liabilities Outstanding	\$ ---	\$1,117,200	\$1,117,200
Other Liabilities	<u>15,913</u>	<u>79</u>	<u>15,992</u>
Total Liabilities	<u>15,913</u>	<u>1,117,279</u>	<u>1,133,192</u>
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	245,305	595,154	840,459
Unrestricted	<u>716,635</u>	<u>347,619</u>	<u>1,064,254</u>
Total Net Assets	<u>\$961,940</u>	<u>\$ 942,773</u>	<u>\$1,904,713</u>

Government Activities

Government activities increased the Township's net assets by \$74,662.

Business-Type Activities

Business-type activities increased the Township's net assets by \$17,287.

The Township's Funds

Our analysis of the Township's funds begins on Page 9, following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Trustee Board and management creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages, etc.

WOODSTOCK TOWNSHIP
Management's Discussion and Analysis
March 31, 2005

General Fund Budgetary Highlights

Differences between the original budget and amended budget were insignificant. Actual results in revenue were higher than budgeted, where expenses were closer to budgeted numbers.

Capital Assets And Debt Administration

The Township's investment in capital assets for its governmental and business-type activities as of March 31, 2005, amounted to \$1,957,659 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment. The total increase in the Township's investment in capital assets for the current year was .4%.

Long-term debt of the Township decreased by \$54,000 (see Note 7 of the basic financial statements). There was no new debt incurred in the fiscal year ended March 31, 2005.

Economic Factors And Next Year's Budget And Rates

The Township's budget for 2005-2006 fiscal year has taken into consideration, the economic condition of the State of Michigan anticipating reduced state share revenues. This will require close tabs on expenditures for the upcoming year and adjustments will be made to mirror, when possible, the revenue base, with expenses.

Contacting The Townships Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office at 4686 Devils Lake Hwy., Addison, Michigan 49220.

PHILIP R. RUBLEY

- Certified Public Accountant -

133 W. MAIN STREET • MORENCI, MI 49256

PHONE 517/458-2274

FAX 517/458-6353

PHILIP R. RUBLEY, C.P.A.

MEMBERS OF
AMERICAN INSTITUTE OF C.P.A.'s
& THE MICHIGAN ASSOCIATION OF C.P.A.'s

June 24, 2005

Township Board
Woodstock Township
Lenawee County
Addison, Michigan 49220

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Woodstock Township as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Woodstock Township, management. Our responsibility is to express opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Woodstock Township, as of March 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 9, the Township's has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*, as of April 1, 2004.

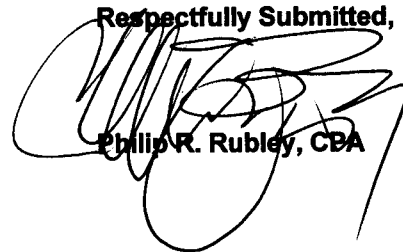
The management's discussion and analysis and budgetary comparison information on pages 1 through 6, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Woodstock Township basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Woodstock Township
June 24, 2005

The combining and individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'Philip R. Rubley', is written over the printed name.

Philip R. Rubley, CPA

PRR/cab

WOODSTOCK TOWNSHIP
Government-wide Statement of Net Assets
March 31, 2005

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and Equivalents	\$670,027	\$ 310,409	\$ 980,436
Receivables - Net	43,175	26,205	69,380
Prepaid Items and Other Assets	19,596	10,834	30,430
Internal Balances	(250)	250	---
Capital Assets Not Being Depreciated	25,000	---	25,000
Capital Assets Being Depreciated - Net	<u>220,305</u>	<u>1,712,354</u>	<u>1,932,659</u>
Total Assets	<u>\$977,853</u>	<u>\$2,060,052</u>	<u>\$3,037,905</u>
<u>Liabilities</u>			
Accounts Payable and Accrued Expenses	\$ 15,913	\$ 79	\$ 15,992
Long-Term Liabilities:			
Due Within One Year	---	54,000	54,000
Due In More Than One Year	<u>---</u>	<u>1,063,200</u>	<u>1,063,200</u>
Total Liabilities	<u>15,913</u>	<u>1,117,279</u>	<u>1,133,192</u>
<u>Net Assets</u>			
Invested In Capital Assets, Net of Related Debt	245,305	595,154	840,459
Unrestricted	<u>716,635</u>	<u>347,619</u>	<u>1,064,254</u>
Total Net Assets	<u>\$961,940</u>	<u>\$ 942,773</u>	<u>\$1,904,713</u>

The notes to financial statements are an integral part of this statement.

WOODSTOCK TOWNSHIP
Government-wide Statement of Activities
For The Year Ended March 31, 2005

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges For Services</u>	<u>Operating Grants And Contributions</u>	<u>Capital Grants And Contributions</u>	<u>Net (Expenses) Revenues</u>
Primary Government					
<u>Governmental Activities:</u>					
General Government	\$128,626	\$ 6,368	\$ ---	\$ ---	\$ (122,258)
Public Safety	310,513	47,918	2,547	---	(260,048)
Public Works	196,410	---	---	---	(196,410)
Community and Economic Development	7,465	9,600	---	---	2,135
Health and Welfare	15,550	---	---	---	(15,550)
Other Functions	29,215	---	---	---	(29,215)
Total Governmental Activities	<u>687,779</u>	<u>63,886</u>	<u>2,547</u>	<u>---</u>	<u>(621,346)</u>
<u>Business-Type Activities:</u>					
Utilities	<u>194,559</u>	<u>107,449</u>	<u>---</u>	<u>---</u>	<u>(87,110)</u>
Total Business-Type Activities	<u>194,559</u>	<u>107,449</u>	<u>---</u>	<u>---</u>	<u>---</u>
Total Government	<u>\$882,338</u>	<u>\$171,335</u>	<u>\$2,547</u>	<u>\$ ---</u>	<u>\$ (708,456)</u>

WOODSTOCK TOWNSHIP
Government-wide Statement Of Activities (Concluded)
For The Year Ended March 31, 2005

	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Changes In Net Assets</u>			
Net (Expense) Revenue	\$ (621,346)	\$ (87,110)	\$ (708,456)
General Revenues:			
Property Taxes	483,131	86,636	569,767
Grants and Contributions			
Not Restricted To			
Specific Programs	194,885	---	194,885
Unrestricted Investment			
Earnings and Rentals	<u>17,992</u>	<u>17,761</u>	<u>35,753</u>
Total General Revenues, Contributions and Transfers	<u>696,008</u>	<u>104,397</u>	<u>800,405</u>
Change In Net Assets	74,662	17,287	91,949
Net Assets, Beginning of Year	<u>887,278</u>	<u>925,486</u>	<u>1,812,764</u>
Net Assets, End of Year	<u>\$ 961,940</u>	<u>\$942,773</u>	<u>\$1,904,713</u>

WOODSTOCK TOWNSHIP
Governmental Funds
Balance Sheet
March 31, 2005

	<u>General Fund</u>	<u>Fire and Ambulance Fund</u>	<u>Other Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and Cash				
Equivalents	\$363,201	\$277,141	\$29,685	\$670,027
Prepaid Expenses	9,977	9,619	---	19,596
Receivables - Net	18,110	23,872	1,193	43,175
Due From Other Funds	<u>483</u>	<u>754</u>	<u>94</u>	<u>1,331</u>
Total Assets	<u>\$391,771</u>	<u>\$311,386</u>	<u>\$30,972</u>	<u>\$734,129</u>
<u>LIABILITIES</u>				
Accounts Payable/				
Accrued Liabilities	\$ 15,204	\$ ---	\$ 709	\$ 15,913
Due to Other Funds	1,098	---	483	1,581
Deferred Revenue	<u>1,377</u>	<u>2,520</u>	<u>---</u>	<u>3,897</u>
Total Liabilities	<u>17,679</u>	<u>2,520</u>	<u>1,192</u>	<u>21,391</u>
<u>FUND BALANCES</u>				
Unreserved	<u>374,092</u>	<u>308,866</u>	<u>29,780</u>	<u>712,738</u>
Total Fund Balances	<u>374,092</u>	<u>308,866</u>	<u>29,780</u>	<u>712,738</u>
Total Liabilities and Fund Balances	<u>\$391,771</u>	<u>\$311,386</u>	<u>\$30,972</u>	<u>\$734,129</u>

WOODSTOCK TOWNSHIP
Reconciliation of Fund Balances On The Balance Sheet For Governmental Funds
To Net Assets Of Governmental Activities On The Statement of Net Assets
March 31, 2005

Fund Balances – Total Governmental Funds

\$712,738

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Add: Capital Assets

329,001

Deduct: Accumulated Depreciation

(83,696)

Revenue that has been billed as a receivable, but not collected until later years, was not reported in the funds.

Add: Deferred Revenue

3,897

Net Assets of Governmental Activities

\$961,940

WOODSTOCK TOWNSHIP
Governmental Funds
Statement of Revenue, Expenditures, and Changes in Fund Balances
For The Year Ended March 31, 2005

	<u>General Fund</u>	<u>Fire and Ambulance Fund</u>	<u>Other Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>				
Taxes and Assessments	\$260,794	\$202,110	\$16,330	\$479,234
Intergovernmental	194,885	---	2,047	196,932
State Grants	500	---	---	500
Licenses and Permits	48,584	---	---	48,584
Fines and Forfeitures	8,722	---	---	8,722
Charges for Services	212	---	---	212
Interest and Rentals	12,973	4,645	374	17,992
Other	6,198	170	---	6,368
Total Revenue	<u>532,868</u>	<u>206,925</u>	<u>18,751</u>	<u>758,544</u>
<u>EXPENDITURES</u>				
Current:				
General Government	122,534	---	---	122,534
Public Safety	92,514	210,421	---	302,935
Public Works	179,994	---	16,416	196,410
Community Economic Development	7,465	---	---	7,465
Health and Welfare	15,550	---	---	15,550
Capital Outlay	10,285	---	---	10,285
Other Functions	29,215	---	---	29,215
Total Expenditures	<u>457,557</u>	<u>210,421</u>	<u>16,416</u>	<u>684,394</u>
Excess of Revenue Over (Under) Expenditures	75,311	(3,496)	2,335	74,150
Other Financing Sources (Uses)				
Transfers In	---	---	---	---
Transfers Out	---	---	---	---
Total Other Financing Sources (Uses)	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Net Change In Fund Balances	75,311	(3,496)	2,335	74,150
Fund Balances – Beginning of Year	<u>298,781</u>	<u>312,362</u>	<u>27,445</u>	<u>638,588</u>
Fund Balances – End of Year	<u>\$374,092</u>	<u>\$308,866</u>	<u>\$29,780</u>	<u>\$712,738</u>

The notes to financial statements are an integral part of this statement.

WOODSTOCK TOWNSHIP
Reconciliation Of The Statement Of Revenues, Expenditures,
And Changes In Fund Balances Of Governmental Statement Of Activities
March 31, 2005

Net Change In Fund Balances – Total Governmental Funds

\$ 74,150

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add: Capital Outlay

10,285

Deduct: Depreciation Expense

(13,670)

Revenue deferred on the governmental funds report, which has been charged to receivable and thus income on the statement of activities

3,897

Change In Net Assets Of Governmental Activities

\$ 74,662

WOODSTOCK TOWNSHIP
Statement of Net Assets
Proprietary Funds
March 31, 2005

	Business-Type Activities - Enterprise Funds
	<u>Utilities Fund</u>
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 310,409
Due From Other Funds	250
Accounts Receivable	26,205
Current Portion of Long Term Contract	<u>782</u>
Total Current Assets	<u>337,646</u>
Noncurrent Assets:	
Property and Equipment - Net	1,712,354
Long Term Portion of Long Term Contract	<u>10,052</u>
Total Noncurrent Assets	<u>1,722,406</u>
Total Assets	<u>\$2,060,052</u>
Liabilities	
Current Liabilities:	
Accounts Payable and Accrued Liabilities	\$ 79
Bonds Payable, Current Portion	<u>54,000</u>
Total Current Liabilities	<u>54,079</u>
Noncurrent Liabilities:	
Bonds Payable	<u>1,063,200</u>
Total Noncurrent Liabilities	<u>1,063,200</u>
Total Liabilities	<u>1,117,279</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	595,154
Unrestricted	<u>347,619</u>
Total Net Assets	<u>942,773</u>
Net Assets of Business-Type Activities on the Government-Wide Statement of Net Assets	<u>\$2,060,052</u>

The accompanying notes are an integral part of this financial statement.

WOODSTOCK TOWNSHIP
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For The Year Ended March 31, 2005

	Business-Type Activities - Enterprise Funds
	<u>Utilities Fund</u>
Operating Revenues	
Charges for Services	<u>\$107,449</u>
Expenses	
Salaries and Wages	1,100
Fringe Benefits	84
Office Expenses	1,136
Contractual Services	74,981
Depreciation	<u>88,683</u>
Total Operating Expenses	<u>165,984</u>
Operating Income (Loss)	<u>(58,535)</u>
Non-Operating Revenues (Expenses)	
Investment Income	5,036
Interest Income and Penalties	12,725
Interest Expense	(28,575)
Debt Service	<u>86,636</u>
Total Non-Operating Revenues (Expenses)	<u>75,822</u>
Income	17,287
Net Assets, Beginning of Year	<u>925,486</u>
Net Assets, End of Year	<u>\$942,773</u>

The accompanying notes are an integral part of this financial statement.

WOODSTOCK TOWNSHIP
Reconciliation Of The Statement Of Revenues, Expenditures, To The Statement Of Activities
March 31, 2005

Change In Net Assets – All Enterprise Funds	\$17,287
No additional adjustments	<u>---</u>
Change In Net Assets Of Business-Type Activities	<u>\$17,287</u>

WOODSTOCK TOWNSHIP
Statement of Cash Flows
Proprietary Funds
For The Year Ended March 31, 2005

	Business-Type Activities <u>Enterprise Funds</u>
	<u>Utilities Fund</u>
Cash Flows From Operating Activities	
Cash Received from Customers	\$103,355
Cash Payment to Suppliers For Goods and Services/Employees	<u>(83,423)</u>
Net Cash Provided (Used)	<u>19,932</u>
 Cash Flows From Capital and Related Financing Activities	
Debt Retirement	86,636
Bond Principal Payments	(51,600)
Bond Interest Payments	<u>(28,575)</u>
Net Cash (Used) by Capital and Related Financing Activities)	<u>6,461</u>
 Cash Flows From Investing Activities	
Investment Income	17,761
Payment Received on Long Term Contract	<u>737</u>
Net Cash Provided (Used) by Investing Activities	<u>18,498</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	 44,891
 Cash and Cash Equivalents, Beginning of Year	 <u>265,518</u>
 Cash and Cash Equivalents, End of Year	 <u>\$310,409</u>
 Reconciliation to Statement of Net Assets	
Cash and Cash Equivalents	<u>\$310,409</u>

The accompanying notes are an integral part of this financial statement.

WOODSTOCK TOWNSHIP
Statement of Cash Flows (Concluded)
Proprietary Funds
For The Year Ended March 31, 2005

	<u>Business-Type Activities - Enterprise Funds</u>
	<u>Utilities Fund</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Operating Income	\$ 17,287
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Depreciation	88,683
Changes in Assets and Liabilities:	
Accounts Receivable	(14,157)
Accounts Payable, Accrued	
Liabilities, Bonds Current Portion	(3,722)
Other Assets	<u>10,063</u>
Net Cash Provided (Used) by Operating Activities	<u>98,154</u>
Cash Flows from Capital Activities:	
Acquisition of Capital Assets	<u>---</u>
Net Cash (Used) from Capital Activities	<u>---</u>
Cash Flows From Financing Activities:	
Principal Paid on Bonds	54,000
Principal Received on Long-Term Contract	<u>(737)</u>
Net Cash (Used) from Financing Activities	<u>53,263</u>
Net Increase (Decrease) in Cash and Cash Equivalents	44,891
Cash and Cash Equivalents, Beginning of Year	<u>265,518</u>
Cash and Cash Equivalents, End of Year	<u>\$ 310,409</u>

The accompanying notes are an integral part of this financial statement.

WOODSTOCK TOWNSHIP
Fiduciary Funds – Statement of Net Assets
March 31, 2005

	Current Tax Collection Fund	Trust and Agency Fund
<u>Assets</u>		
Cash and Cash Equivalents	\$ 40	\$ 443
Total Assets	<u>\$ 40</u>	<u>\$ 443</u>
<u>Liabilities</u>		
Due to Other Funds	\$ 40	\$ 443
Total Liabilities	<u>\$ 40</u>	<u>\$ 443</u>

WOODSTOCK TOWNSHIP
Notes to Financial Statements
March 31, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Woodstock Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units.

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below:

A. Reporting Entity

Woodstock Township is governed by an elected board. The accompanying financial statements present the government for which government is considered to be financially accountable.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, except for agency funds, which do not have a measurement focus. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

WOODSTOCK TOWNSHIP
Notes to Financial Statements
March 31, 2005

Property taxes, franchise taxes, intergovernmental revenue licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Fire and Ambulance Fund is a special Revenue Fund that receives monies for contractual services and charges for the purpose of providing fire protection and Advanced and Basic Life Support Services to the community.

The government reports the following major proprietary funds:

The Utilities Fund accounts for acquisition, operation and maintenance of the Township's waste water system.

Additionally, the government reports the following fund types:

The Agency Funds account for assets held by the Township acting as an agent for individuals, private organizations, other governments and/or other funds.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-side and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected not to follow private-sector standards issued after November 30, 1989 for its business-type activities and enterprise funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Utilities Funds are charges to customers for sales and services. The Utilities Funds are also recognize as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

WOODSTOCK TOWNSHIP
Notes to Financial Statements
March 31, 2005

D. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. Assets, Liabilities, and Net Assets or Equity

1. **Bank Deposits and Investment** – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions, and savings and loans associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments.

2. **Receivables and Payables** – In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

3. **Prepaid Items** – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements using the consumption method.

4. **Inventories** – All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

5. **Capital Assets** – Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., road, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,500 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

WOODSTOCK TOWNSHIP
Notes to Financial Statements
March 31, 2005

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20 - 50
Building	10 - 50
Machinery, Equipment, And Furnishings	5 - 35
Utility Systems	50 - 100
Infrastructure	15 - 100
Vehicles	5 - 15

Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

6. **Fund Equity** – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. **Budgetary Information** – Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

On or before the end of March of each year, the Township Board proposes a budget for review and holds public hearings and a final budget is adopted.

The appropriated budget is prepared by fund, function and activity. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is with the Board of Trustees.

WOODSTOCK TOWNSHIP
Notes to Financial Statements
March 31, 2005

B. Excess of Expenditures Over Appropriations In Budgeted Funds - P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amounts appropriated. During the year ended March 31, 2005, the government incurred expenditures in excess of amounts appropriated at the legal level of budgetary control as follows:

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
General Government:			
Supervisor	\$11,050	\$11,713	\$ 663
Treasurer	15,500	17,562	2,062
Board of Review	1,000	1,594	594
Public Works:			
Street Maintenance	179,869	179,994	125
Public Safety:			
Inspections	21,275	21,966	691
Fire and Ambulance	---	550	550
Capital Outlay	5,000	10,285	5,285
Other Functions	15,644	29,215	13,571

WOODSTOCK TOWNSHIP
Notes to Financial Statements
March 31, 2005

NOTE 3 – DEPOSITS AND INVESTMENTS

The government unit's deposits and investment policy are in accordance with statutory authority.

Investments made by the Township are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

- Category 1:** Insured or registered, or securities held by the Township or its agent in the Township's name.
- Category 2:** Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Township's name.
- Category 3:** Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Township's name.

	<u>Category</u> <u>1</u>	<u>2</u>	<u>3</u>	<u>Carrying</u> <u>Value</u>	<u>Market</u> <u>Value</u>
Checking, Savings and Certificate of Deposits	\$117,480	\$863,434	\$ ---	\$980,914	\$980,914
	<u>\$117,480</u>	<u>\$863,434</u>	<u>\$ ---</u>	<u>\$980,914</u>	<u>\$980,914</u>

Balance Sheet Cash And Cash Investments

The Governmental Accounting Standards Board (GASB) Statement No. 3 risk disclosures for the Township's deposits are as follows:

<u>Deposits</u>	<u>Carrying</u> <u>Amount</u>
Insured (FDIC) (FSLIC)	\$117,480
Uninsured:	
Uncollateralized	<u>863,434</u>
Total	<u>\$980,914</u>

WOODSTOCK TOWNSHIP
Notes to Financial Statements
March 31, 2005

NOTE 4 – CAPITAL ASSETS

Capital assets activity for the year ended March 31, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Capital Assets, Not Being Depreciated:				
Land	\$ 25,000	\$ ---	\$ ---	\$ 25,000
	<u>25,000</u>	<u>---</u>	<u>---</u>	<u>25,000</u>
Capital Assets, Being Depreciated:				
Buildings	224,856	---	---	224,856
Vehicles	29,459	---	---	29,459
Equipment	<u>35,450</u>	<u>14,236</u>	<u>---</u>	<u>49,686</u>
Total Capital Assets Being Depreciated	<u>289,765</u>	<u>14,236</u>	<u>---</u>	<u>304,001</u>
Less Accumulated Depreciation For:				
Buildings	(29,946)	(4,437)	---	(34,383)
Vehicles	(14,730)	(7,365)	---	(22,095)
Equipment	<u>(25,350)</u>	<u>(1,868)</u>	<u>---</u>	<u>(27,218)</u>
Total Accumulated Depreciation	<u>(70,026)</u>	<u>(13,670)</u>	<u>---</u>	<u>(83,696)</u>
Total Capital Assets, Being Depreciated, Net	<u>219,739</u>	<u>566</u>	<u>---</u>	<u>220,305</u>
Governmental Activities Capital Assets, Net	<u>\$ 244,739</u>	<u>\$ 566</u>	<u>\$ ---</u>	<u>\$ 245,305</u>
<u>Business-Type Activities</u>				
Capital Assets, Being Depreciated:				
Buildings and Systems	\$ 3,496,099	\$ ---	\$ ---	\$ 3,496,099
Equipment	<u>1,200</u>	<u>---</u>	<u>---</u>	<u>1,200</u>
Total Capital Assets Being Depreciated	<u>3,497,299</u>	<u>---</u>	<u>---</u>	<u>3,497,299</u>
Less Accumulated Depreciation For:				
Buildings	(1,695,062)	(88,683)	---	(1,783,745)
Equipment	<u>(1,200)</u>	<u>---</u>	<u>---</u>	<u>(1,200)</u>
Total Accumulated Depreciation	<u>(1,696,262)</u>	<u>(88,683)</u>	<u>---</u>	<u>(1,784,945)</u>
Total Capital Assets, Being Depreciated, Net	<u>1,801,037</u>	<u>(88,683)</u>	<u>---</u>	<u>1,712,354</u>
Business Type Activities Capital Assets, Net	<u>\$ 1,801,037</u>	<u>\$ (88,683)</u>	<u>\$ ---</u>	<u>\$ 1,712,354</u>

WOODSTOCK TOWNSHIP
Notes to Financial Statements
March 31, 2005

Depreciation expense was charged to functions/programs of the Township as follows:

Governmental Activities:

General Government	\$ 6,092
Public Safety	<u>7,578</u>

Total Depreciation Expense Governmental Activities	<u>\$13,670</u>
---	------------------------

Business-Type Activities:

Utilities	<u>\$88,683</u>
-----------	-----------------

Total Depreciation Expense Business-Type Activities	<u>\$88,683</u>
--	------------------------

NOTE 5 – INTERFUND RECEIVABLES AND PAYABLES

At March 31, 2005, the following were interfund receivables and payables in the fund statement.

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$ 483	\$1,098
Fire and Ambulance	754	---
Street Light	94	---
Utilities	250	---
Other Agency Funds	<u>---</u>	<u>483</u>
	<u>\$1,581</u>	<u>\$1,581</u>

WOODSTOCK TOWNSHIP
Notes to Financial Statements
March 31, 2005

NOTE 6 – PROPERTY TAXES:

The Township bills and collects property taxes and also taxes for the County and several School Districts within its jurisdiction. Collections and remittances of the County and School taxes are accounted for in the Current Tax Collection Agency Fund. Township property tax revenues are recognized as revenues in the fiscal year levied to the extent that they result in current receivables.

The Township currently levies 2.6702 mills. Property taxes attach as an enforceable lien on the property as of January 1.

NOTE 7 – LONG TERM DEBT – SEWER FUND (BUSINESS TYPE ACTIVITIES)

During the fiscal year, on September 26, 2002 the Rollin-Woodstock Sanitary Drain bonds were refinanced. The revised bond issue amount was \$5,080,000, with Woodstock's share being 24% or \$1,219,200.

Bonds Payable - March 31, 2005	\$1,117,200
Less: Current Portion	<u>54,000</u>
Total Long Term Portion	<u>\$1,063,200</u>

Debt Service requirements over the next five years are as follows:

	<u>Principal</u>	<u>Interest</u>
October 1, 2005	\$ 54,000	\$ 27,930
October 1, 2006	55,200	26,580
October 1, 2007	56,400	25,200
October 1, 2008	57,600	23,790
October 1, 2009	58,800	22,350
October 1, 2010	60,000	20,880
Thereafter	<u>775,200</u>	<u>121,020</u>
Total	<u>\$1,117,200</u>	<u>\$267,750</u>

NOTE 8 – OTHER INFORMATION

Risk Management

The government is exposed to various risks of loss related to torts; theft of damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended March 31, 2005, the government carried insurance through various commercial carriers, to cover all risks of losses. The government has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

WOODSTOCK TOWNSHIP
Notes to Financial Statements
March 31, 2005

NOTE 9 – ACCOUNTING CHANGE

Effective April 1, 2004, the Woodstock Township implemented the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments (GASB No. 34), along with all related statements and interpretations. Changes to the Township's financial statements as a result of GASB No. 34 are as follows:

- A Management's Discussion and Analysis of the Township's overall financial position and results of operations has been included.
- Township-wide financial statements (statement of net assets and statement of activities) prepared using full accrual accounting for all of the Township's activities have been provided.
- Capital assets in the governmental activities column of the statement of net assets totaling \$1,957,659.
- The fund financial statements focus on major funds rather than fund types.

WOODSTOCK TOWNSHIP
Budgetary Comparison Schedule
General Fund
For The Year Ended March 31, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
<u>Beginning of Year Fund Balance</u>				
Resources (Inflows)	\$160,000	\$160,000	\$298,781	\$138,781
Taxes and Assessments	249,039	249,039	260,794	11,755
Intergovernmental	140,000	140,000	194,885	54,885
State Grants	500	500	500	---
Licenses and Permits	29,000	29,000	48,584	19,584
Fines and Forfeitures	3,500	3,500	8,722	5,222
Charges for Services	---	---	212	212
Interest and Rentals	8,000	8,000	12,973	4,973
Other	<u>15,500</u>	<u>15,500</u>	<u>6,198</u>	<u>(9,302)</u>
Amounts Available for Appropriation	<u>605,539</u>	<u>605,539</u>	<u>831,649</u>	<u>226,110</u>
<u>Charges to Appropriations (Outflows)</u>				
General Government				
Trustee Board	7,700	7,700	6,868	832
Township Supervisor	11,050	11,050	11,713	(663)
Treasurer	15,500	15,500	17,562	(2,062)
Assessing	30,500	30,500	28,484	2,016
Clerk	16,200	16,200	16,061	139
Elections	5,000	11,000	10,490	510
Attorney and Auditing	14,000	14,000	10,889	3,111
Buildings and Grounds	10,000	10,000	9,070	930
Cemetery	10,000	10,000	9,803	197
Board of Review	1,000	1,000	1,594	(594)
Public Safety				
Police	77,000	77,000	69,998	7,002
Inspections	21,275	21,275	21,966	(691)
Fire and Ambulance	---	---	550	(550)
Community Economic Development				
Planning and Zoning	7,600	7,600	7,465	135
Public Works				
Road and Maintenance	100,000	179,869	179,994	(125)
Health and Welfare				
Hospital	20,600	20,600	15,550	5,050
Capital Outlay	5,000	5,000	10,285	(5,285)
Other Functions	<u>101,513</u>	<u>15,644</u>	<u>29,215</u>	<u>(13,571)</u>
Total Charges to Appropriations	<u>453,938</u>	<u>453,938</u>	<u>457,557</u>	<u>(3,619)</u>
Ending of Year Fund Balance	<u>\$151,601</u>	<u>\$151,601</u>	<u>\$374,092</u>	<u>\$222,491</u>

The notes to financial statements are an integral part of this statement.

WOODSTOCK TOWNSHIP
Budgetary Comparison Schedule
Fire and Ambulance Fund (Major Special Revenue Funds)
For The Year Ended March 31, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
<u>Beginning of Year Fund Balance</u>	\$ ---	\$ ---	\$312,362	\$312,362
<u>Resources (Inflows)</u>				
Taxes	233,420	233,420	202,110	(31,310)
Interest	---	---	4,645	4,645
Other	---	---	170	170
<u>Amounts Available for Appropriation</u>	<u>233,420</u>	<u>233,420</u>	<u>519,287</u>	<u>285,867</u>
<u>Charges to Appropriations (Outflows)</u>				
<u>Public Safety</u>				
Fire and Ambulance Expense	<u>233,420</u>	<u>233,420</u>	<u>210,421</u>	<u>22,999</u>
<u>Total Charges to Appropriations</u>	<u>233,420</u>	<u>233,420</u>	<u>210,421</u>	<u>22,999</u>
<u>Ending of Year Fund Balance</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$308,866</u>	<u>\$308,866</u>

WOODSTOCK TOWNSHIP
Combining Balance Sheet
Non-Major Governmental Funds
March 31, 2005

	<u>Special Revenue Funds</u>		<u>Permanent Fund</u>	<u>Total Non-Major Governmental Funds</u>
	<u>Street Lighting</u>	<u>Liquor Law Enforcement</u>	<u>Cemetery Endowment</u>	
<u>Assets</u>				
Cash	\$28,654	\$ ---	\$1,031	\$29,685
Receivables:				
Accounts	1,175	---	---	1,175
Interest	---	---	18	18
Due from Other Funds	94	---	---	94
Prepaid Expenses	---	---	---	---
Total Assets	<u>\$29,923</u>	<u>\$ ---</u>	<u>\$1,049</u>	<u>\$30,972</u>
<u>Liabilities and Fund Balances</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 1,192	\$ ---	\$ ---	\$ 1,192
Deposits Payable	--	---	---	---
Accrued Liabilities	---	---	---	---
Due to Other Funds	---	---	---	---
Deferred Revenues	---	---	---	---
Total Liabilities	<u>1,192</u>	<u>---</u>	<u>---</u>	<u>1,192</u>
<u>Fund Balance</u>	<u>28,731</u>	<u>---</u>	<u>1,049</u>	<u>29,780</u>
Total Liabilities And Fund Balances	<u>\$29,923</u>	<u>\$ ---</u>	<u>\$1,049</u>	<u>\$30,972</u>

WOODSTOCK TOWNSHIP
Combining Statement of Revenues, Expenditures and Changes In Fund Balance
Non-Major Governmental Funds
For The Year Ended March 31, 2005

	<u>Special Revenue Funds</u>		<u>Permanent Fund</u>	<u>Total Non-Major Governmental Funds</u>
	<u>Street Lighting</u>	<u>Liquor Law Enforcement</u>	<u>Cemetery Endowment</u>	
<u>Revenues:</u>				
Taxes	\$16,330	\$ ---	\$ ---	\$16,330
Intergovernmental	---	2,047	---	2,047
Contribution from Local Units	---	---	---	---
Charges for Services	---	---	---	---
Fines and Forfeits	---	---	---	---
Interest and Rents	356	---	18	374
Other Revenue	---	---	---	---
Total Revenue	<u>16,686</u>	<u>2,047</u>	<u>18</u>	<u>18,751</u>
<u>Expenditures:</u>				
General Government	---	---	---	---
Public Safety	---	---	---	---
Public Works	14,369	2,047	---	16,416
Recreational and Cultural	---	---	---	---
Community Economic Development	---	---	---	---
Capital Outlay	---	---	---	---
Debt Service:				
Principal	---	---	---	---
Interest	---	---	---	---
Total Expenditures	<u>14,369</u>	<u>2,047</u>	<u>---</u>	<u>16,416</u>
<u>Excess of Revenues Over (Under) Expenditures</u>	<u>2,317</u>	<u>---</u>	<u>18</u>	<u>2,335</u>
<u>Other Financing Sources (Uses):</u>				
Operating Transfers In	---	---	---	---
Operating Transfers (Out)	---	---	---	---
Total Other Financing Sources (Uses)	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
<u>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</u>	<u>2,317</u>	<u>---</u>	<u>18</u>	<u>2,335</u>
<u>Beginning Fund Balance</u>	<u>26,414</u>	<u>---</u>	<u>1,031</u>	<u>27,445</u>
<u>Ending Fund Balance</u>	<u>\$28,731</u>	<u>\$ ---</u>	<u>\$1,049</u>	<u>\$29,780</u>

The notes to financial statements are an integral part of this statement.

PHILIP R. RUBLEY

- *Certified Public Accountant* -

133 W. MAIN STREET • MORENCI, MI 49256

PHONE 517/458-2274

FAX 517/458-6353

PHILIP R. RUBLEY, C.P.A.

MEMBERS OF
AMERICAN INSTITUTE OF C.P.A.'S
& THE MICHIGAN ASSOCIATION OF C.P.A.'S

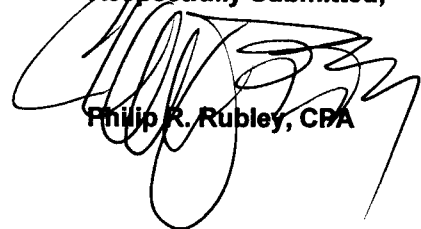
June 24, 2005

**Township Board
Woodstock Township
Lenawee County
Addison, Michigan 49220**

In planning and performing my audit of the financial statements of Woodstock Township for the year ended March 31, 2005, I considered the Township's internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements. The consideration I gave to the internal control structure was not sufficient for me to provide any form of assurance on it. However, in reviewing the Township's processes and systems, I made observations I feel should be communicated to you and I have done so in a separate letter dated June 24, 2005. In addition I have summarized other areas for Board's consideration involving internal controls and fraud considerations.

If you have any questions on the information contained in this letter please contact me.

Respectfully Submitted,



Philip R. Rubley, CPA

PRR/cab

INTERNAL CONTROLS

Over a relatively short period of time, there have been several large fraud related cases documented in the mid-Michigan area, as well as in other areas of Michigan and throughout the country. These highly publicized cases have raised significant concerns for management of many organizations, as well as the council and board members of these not-for-profit organizations and governmental organizations, concerning their organization's vulnerability to internal or external fraud related activities. It is strongly believed that all organizations, both small and large, have some level of risk in this area and even having the "best practices" in place will not necessarily prevent the occurrence of this unfortunate activity.

Through many recent conversations with my clients regarding their susceptibility to fraud, it was noted the most important element necessary to reduce the risk of fraud is to have a sound organizational structure, which includes sound accounting and internal control policies and procedures (IN THE EYES OF THEIR EMPLOYEES). One of the key aspects of strong controls, and thus a deterrent, is senior management's support and involvement with accounting and internal control monitoring and related decisions.

Some of the key areas to focus on include, but are not limited to, the following:

- Cash receipts handling and posting to general ledgers including the initial posting of cash receipts.
- Posting of adjusting journal entries to the ledger.
- Cash disbursements, including the establishment of vendor master files in the computer system and maintenance and controls surrounding the signature of cash disbursement checks.
- Payroll, including the access to all master files detailing wage rates and other information, and the establishment of new employees in the computer system.
- Proper approval procedures for all disbursements including a good checks and balances system i.e.: no one person responsible for this function where possible.

FRAUD CONSIDERATIONS

Statement of Auditing Standards No. 99 (SAS99), consideration of Fraud in a Financial Statement Audit

Effective for the year ended December 31, 2003, Statement on Auditing Standards No. 99 (SAS99), *Consideration of Fraud in a Financial Statement Audit*, requires additional audit procedures addressing the risk of fraud in an organization. Our responsibility is not to detect fraud, but to detect material misstatements in the financial statements caused by fraud, and our consideration of fraud is integrated into the overall audit process.

Types of fraud include intentional misstatements or omissions in financial reporting and misappropriation of assets. SAS 99 requires auditors to address:

- How and where the client's financial statements might be susceptible to material misstatement due to fraud and what conditions might be present to allow fraud to occur.
- How management could perpetrate and conceal fraud.
- How management or employees could misappropriate assets of the client.

In addition, SAS 99 requires auditors to make inquiry of:

- Management regarding their awareness and understanding of fraud, fraud risks, and steps taken to mitigate risks.
- Others within the entity, including council members, non-financial executives, administrators, and non-management personnel not directly involved in the financial reporting process, regarding the existence of suspicion of fraud and the individual's views about the risks of fraud within the entity.

Risk areas identified through inquiries and based on industry knowledge will significantly affect the audit process. With your help, the implementation of these new standards will certainly lead to a greater comfort in the controls you have designed and implemented. It may even create greater efficiency in the accounting process as a byproduct of the process.

Creating A Culture Of Honesty And High Ethics

It is the Township's responsibility to establish core values and to effectively communicate the values to employees in order to create a culture with high ethical standards. The AICPA has included the following as key components necessary for the creation of such a culture.

Setting The Tone At The Top

Management, through the modeling of high ethics themselves and effectively communicating expectations to employees, is responsible for leading the effort to create the appropriate culture within the Township.

Creating A Positive Workplace Environment

The creation of a positive workplace environment, where employees feel they are treated fairly, has proven to reduce the risk of fraud. This type of environment could be created as follows:

Allowing employees to provide input related to the code of conduct.

- Enabling employees to internally seek advice concerning decisions that appear to have ethical implications.
- Establishment of a fair reward system.
- Implementation of team-focused decision making policies.

Hiring And Promoting Appropriate Employees

Policies must be effective in reducing the changes of hiring and promoting individuals with low ethical standards.

Training

Core values expressing an attitude of intolerance toward unethical behavior should be communicated immediately to new hires and should be recommunicated periodically to all employees.

Confirmation

Reinforcement of core values occurs if the employees are required to sign a code of conduct statement.

Discipline

Consequences of unethical behavior should be communicated upfront, and management response to unethical behavior should be consistent with the consequences communicated. Management's response demonstrates the level of commitment to the ethical standards and could deter future wrongdoing.

Evaluating Antifraud Processes and Controls

Perceived opportunity to successfully commit fraud increases the risk that fraud will occur. The following can help in reducing the opportunity for fraud.

Identifying And Measuring Fraud Risks

The Township's vulnerability to fraudulent activity (including Fraudulent financial reporting, misappropriation of assets, bribery and other illegal acts) should be assessed.

Implementing And Monitoring Appropriate Internal Controls

Internal processes can be modified to reduce fraud risk. Examples of such process modifications are as follows:

- Additional review of the procurement process
- Segregation of duties
- Adequate scrutiny of interim financial reports and budget reports by management

Developing An Appropriate Oversight Process

Whether it is external or internal oversight, appropriate oversight should be identified and established.

Township Board

The Township Board is ultimately responsible for ensuring management is doing an effective job of monitoring fraud risk and implementing procedures to mitigate fraud risk. Therefore, the Board should be evaluating management's assessments and controls.

Independent Auditors

Independent auditors can provide an assessment of the Township's process for identifying, assessing and responding to the risk of fraud.

Certified Fraud Examiners

Certified Fraud Examiners can provide additional insight into the risk assessment.

Other Information

The following Web sites provide additional guidance on fraud and the implementation of anti-fraud programs and controls:

American Institute of Certified Public Accountants	www.aicpa.org
Association of Certified Fraud Examiners	www.cfenet.com
Financial Executives International	www.fei.org
Information Systems Audit and Control Association	www.isaca.org
The Institute of Internal Auditors	www.theiia.org
Institute of Management Accounts	www.imanet.org
National Association of Corporate Directors	www.nacdonline.org
Society for Human Resource Management	www.shrm.org

PHILIP R. RUBLEY

- Certified Public Accountant -

133 W. MAIN STREET • MORENCI, MI 49256

PHONE 517/458-2274

FAX 517/458-6353

PHILIP R. RUBLEY, C.P.A.

MEMBERS OF
AMERICAN INSTITUTE OF C.P.A.'s
& THE MICHIGAN ASSOCIATION OF C.P.A.'s

June 24, 2005

**Township Board
Woodstock Township
Lenawee County
Addison, Michigan 49220**

We have examined the combined financial statements of the Woodstock Township and the combining, individual fund and account group financial statements of the Township as of and for the year ended March 31, 2005 and have issued our report thereon dated June 24, 2005. As a part of our examination, we made a study and evaluation of the Township's system of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. Under these standards, the purposes of such an evaluation are to establish a basis for reliance on the system of internal accounting control in determining the nature, timing and extent of other auditing procedures that are necessary for expressing an opinion on the financial statement and to assist the auditor in planning and performing his examination of the financial statements.

The objective of internal accounting control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting control. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal accounting control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with the procedures may deteriorate.

Our examination of the financial statements made in accordance with auditing standards generally accepted in the United States of America, including the study and evaluation of the Township's system of internal accounting control for the year ended March 31, 2005, that was made for the purpose set forth in the first paragraph of this report, would not necessarily disclose all weaknesses in the system because it was based on selective tests of accounting records and related data.

1. Documentation

All expenditures should be supported by invoices and other documentation to support the payment of the expenditures. We found isolated cases where invoices were not available, part of the reason are documents still in deceased clerk's estate, and not turned over to the Township. We were able to satisfy ourselves through additional testing, however the Township needs to get their records immediately.

2. **Cemetery Endowment Fund**

Need to change fund number to 155, in compliance with permanent fund numbers with the uniform chart of accounts.

3. **Fixed Assets - Capital**

It will be necessary for the Township to establish and maintain records for acquisition and disposal of the Township's depreciation threshold of \$1500.

4. **Cash Disbursements**

It was noted that checks are at times written out of sequence and dated as such. There should be accountability of all checks in order.

5. **Cancellations**

Invoices should be stamped with date received, approval initials, date paid and account number to general ledger system. This provides proper documentation to avoid duplicate payments and proper posting to general ledger.

6. **Payroll**

Be sure that all forms are properly prepared and tied into payroll records, complying with tax laws.

The above mentioned conditions were considered in determining the nature, timing, and extent of audit tests to be applied to our examination of the financial statements, and this report does not modify our report dated June 24, 2005, on such financial statements.

If we can be of any further assistance, please do not hesitate in contacting us.

Respectfully Submitted,



Philip R. Rubley, CPA